

Profitable Merchandise: Looking Closer at Burial Vaults



by Mark Klingenberger

Let's be honest - without businesses earning profits on what they sell, nearly all of the merchandise and services we as consumers depend upon would not be available to us with the level of quality we want. Profit provides the fuel the economy needs to keep running and without it a business cannot reinvest, loses their competitive position, and eventually closes. The funeral service industry is no different.

For years many Funeral Professionals have struggled with profitably pricing services and merchandise. On the merchandise side, caskets have generally been predominant in terms of volume and awareness of the profit generated. It may be that the funeral home has a considerable inventory investment they are aware of and are focused on recovering it. It could be that for years many casket companies focused on getting most of the showroom floor and rewarded firms with rebates and discounts as well as consistent reporting on inventory turns and profits.

Regardless of why there has been considerable focus on casket profits, the challenges to maintain profitability have been mounting over the last several years. Contributing market pressures include consumer accessibility to online discounters or major retailers such as Costco (who, by the way, is near the top of a Google search for caskets). Many companies are offering high-value units at lower costs to help firms maintain the profits they need to stay in business. But today's pragmatic funeral home owner/manager needs to also look closer at all merchandise and services to remain viable.

Enter the OBC

The Outer Burial Container (OBC) is a merchandise item that many Funeral Professionals are starting to see in a new light. Traditionally not as high-profile as caskets, burial vaults have nonetheless always contributed steady profits to the bottom line of funeral homes. However, in light of recent research indicating consumer preference for burial vaults over unlined grave boxes, it may be worthwhile to thoroughly evaluate the OBC sales mix at your location(s) and the consequent profitability.

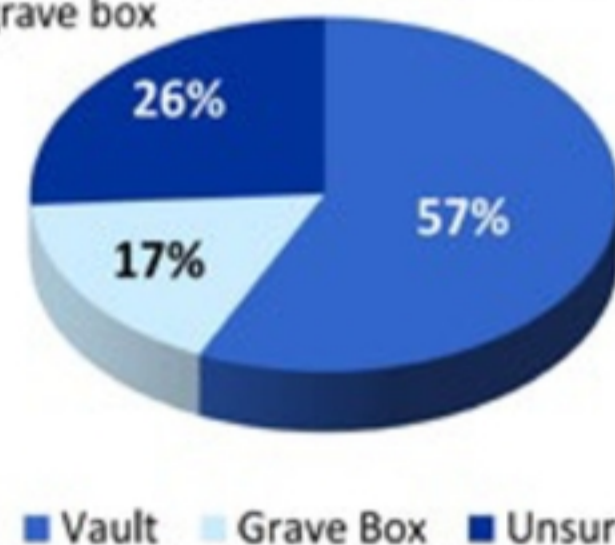
Consider these four key factors:

1) Burial families overwhelmingly want the remains protected.

Independent firm Product Acceptance Research (PAR) surveyed consumers on their knowledge and preference relating to outer burial containers. Seventy-eight percent of respondents stated at the beginning of the survey that they did not know the difference between a burial vault and a grave box. Certainly most Funeral Professionals would affirm that many families are not knowledgeable on OBCs and spend some time explaining them to families.

After learning the difference between a grave box and a burial vault, only 17% chose a grave box

- 57% chose a burial vault
- 26% needed more information before making a decision
- 17% chose a grave box



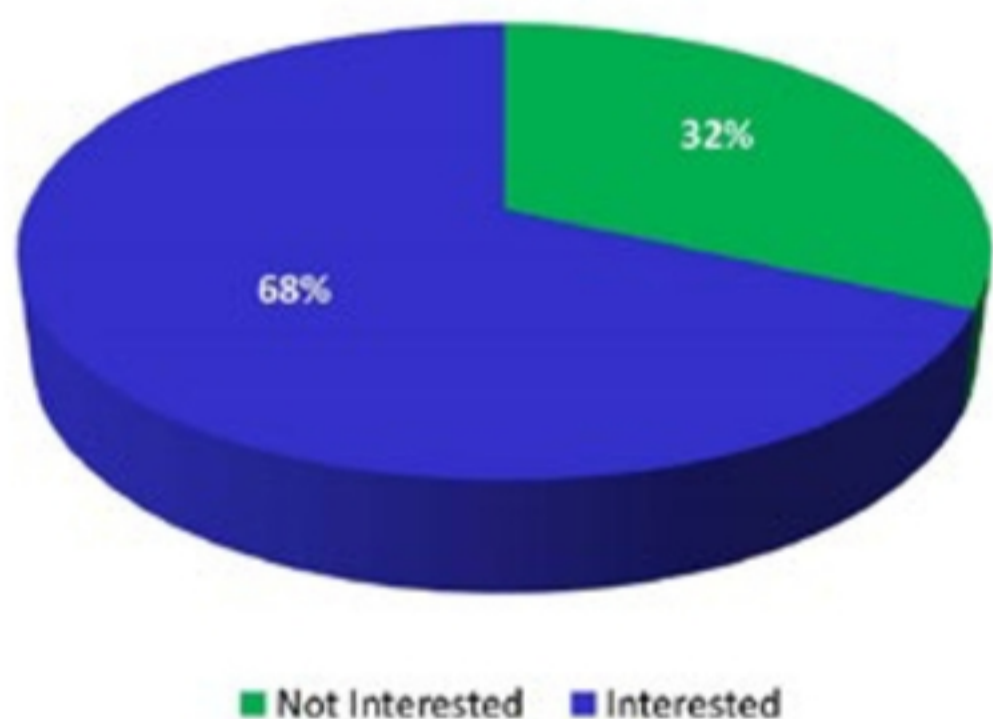
However, considering that after watching a two-minute educational video only seventeen percent of respondents said they would choose an unlined grave box, Funeral Professionals may find opportunity to improve their sales mix. Consider taking advantage of available sales tools such as video that might streamline and improve your burial vault presentation. It's not uncommon to see unlined concrete boxes accounting for upwards of fifty percent or more of OBC sales in a funeral home - but this research challenges that. Think of what a swing of only a few percentage points towards lined burial vaults would do for your profits while providing families what they want.

As one Funeral Director tells families, “The casket is the bed in which you will lie for eternity and the vault is the house that protects your bed”. By ensuring that each family goes through an educated selection process, his experience is that many choose to purchase higher quality units which of course, enhance his profitability. This enables him to reinvest in his business, support his community, and help secure financial stability today and for the future.

2) Burial families overwhelmingly want personalization.

The PAR research demonstrated that the majority of those choosing a burial vault are interested in personalization for display at the graveside service. Sixty-eight percent of respondents said that they would like the burial vault to be personalized. Interestingly, this number is consistent with estimates that in some markets between seventy to eighty percent of paid obituaries include a photo, indicating how important this can be to a family. As personalization is available on better quality burial vaults, a more profitable unit can be sold while delivering what people want to buy.

Majority of those choosing a burial vault are interested in personalization



3) Burial vaults and graveside services are locally provided.

While other merchandise is more subject to being purchased outside your business, getting a burial vault delivered and installed is a local item that is not easily transferred. A burial vault can't be shipped over long distances easily or inexpensively. Consequently, funeral

service providers receive nearly all sales of outer burial containers.

The value of graveside services cannot be over-stated. While certainly this pertains to the added revenue, the most important intrinsic value is for the family who has an extremely positive experience. After all, that final service aspect of laying a loved one to rest is what everyone has been working toward since the death. Families will spend to get the experience they want. Also, a positive experience can translate into future value for the Funeral Professional in the way of return and referral business.

4) Capital is maximized

Most firms do not buy an inventory of outer burial containers which would tie up capital. Rather, most OBCs are delivered when sold. Those who may buy in advance generally keep inventory to a minimum and turn it quickly. To put it into perspective, there may be times in the in the case of caskets when some can be on a showroom floor for so long that aging becomes an issue. Have you engineered your floor the best you can? Considering capital investment and inventory costs, outer burial containers are among the most efficient merchandise items.

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Burial vaults provide very solid revenue; don't miss your opportunity. **FBA**



Mark Klingenberger is Vice-President of Sales & Marketing for Wilbert Funeral Services Inc., and has over 27 years of experience in the funeral industry. He has been in sales and marketing management for several leading funeral industry providers and has extensive experience in helping funeral professionals build market share through customer education.